State of Iowa - Return on Investment Program / IT Project Evaluation

SECTION 1: PROPOSAL

Project Name: <u>Continuing Child Support Recovery Unit System</u>
Date: ___6/30/00_____

Agency Point of Contact for Project: Tish Eakle, Bureau Chief, Division of Data Management

Agency Point of Contact Phone Number / E-mail: __515-281-7059 <u>teakle@dhs.state.ia.us</u>

Executive Sponsor (Agency Director or Designee) Signature: Nancy Thoma, Bureau of Collections

Is this project necessary for compliance with a Federal standard, initiative, or statute? (If "Yes," cite specific requirement, attach copy of requirement, and explain in Proposal Summary)	**X- Yes See attached AT OCSE-AT-98-26**	❑ No
Is this project required by State statute? (If "Yes," explain in Proposal Summary)	❑**X Yes**	❑ No
Does this project meet a health, safety or security requirement? (If "Yes," explain in Proposal Summary)	❑**X Yes**	❑ No
Is this project necessary for compliance with an enterprise technology standard? (If "Yes," explain in Proposal Summary)	❑ Yes	❑**X No**
Does this project contribute to meeting a strategic goal of government? (If "Yes," explain in Proposal Summary)	❑**X Yes**	❑ No
Is this a "research and development" project? (If "Yes," explain in Proposal Summary)	❑ Yes	❑**X No**

PROPOSAL SUMMARY:

In written detail, explain why the project is being undertaken and the results that are expected. This includes, but is not limited to, the following:

1. A pre-project (before implementation) and a post-project (after implementation) description of the system or process that will be impacted.

Response --- Pre-Project Description: The federal government requires states to operate certified child support computer systems which meet the federal requirements for the program. When the federal government enacts new requirements, the states' systems must be updated and recertified.

The Personal Responsibility and Work Opportunities Act added new requirements for Iowa's child support computer system, and this project completes the computer system requirements for certification.

Post Project Description: See response to question 2 below for more details.

2. A summary of the extent to which the project provides tangible and intangible benefits to either Iowa citizens or to State government. Included would be such items as qualifying for additional matching funds, improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, complying with enterprise technology standards, meeting a strategic goal, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, complying with federal or state laws, etc.

Response:

Department of Human Services, Child Support project request is for continued funding to complete the system enhancements for Federal Welfare Reform (PRWORA). This project started in SFY 98 and must be completed by September 30, 2000. At onset of this project, the Bureau of Collections received approval from the Federal Office of Child Support Enforcement and submitted a study of the benefits of the required system changes. Contract consultants have been used since SFY 98 and will continue to be used through 9/30/2000.

This project is being undertaken to more fully automate functions that will increase family incomes by establishing paternity and support orders more quickly, improve on enforcement of support orders more quickly, and distributing child support collections more quickly.

A brief description of the system changes which are planned to be completed by 9/30/00 are: automation of UIFSA requirements (Uniform Interstate Family Support Act), automated self-assessment functionality, automated match with the State's financial institutions (FIDM), addition of a seek employment process, enhancement to an existing Liens process, enhancement to license sanction process, improved child support guidelines process, enhancement to the distribution programs, completing an interface with the Federal Case Registry, system changes for the Child Support Enforcement Network (CSEnet), and modification of existing compliance and performance reports.

If the federal government believes that Iowa is making a good faith effort to complete federal certification, it may limit the penalty to 4% of the annual federal matching funds for the child support program in the first year. For each additional year in which the state does not have a certified computer system, the penalty amount increases. The estimate for the penalty would be approximately $881,619 in the first year. (This penalty is based upon administrative FFP in FFY 1999 of $22,040,485.) The penalty would be doubled in the second year.

3. A summary that identifies the project stakeholders and how they are impacted by the project

Response:
A. Taxpayers –improved services for both custodial parents and children.
B. State Government – complying with Federal law and improved customer services.

SECTION 2: PROJECT PLAN

1. Agency Information
Project Executive Sponsor Responsibilities:

Jessie Rasmassen, Director of Department of Human Services
Nancy Thoma, Bureau Chief of Bureau of Collections
Tish Eakle, Bureau Chief of Bureau of Child Support Systems

Organizational Skills:

A. IT Project Management – skills available within the agency.
B. Systems Analysts & Developers – contract consultants with IDMS skills sets.
C. Business Analysts – skills available within the agency.
D. IT Database Management – skills available within ITD agency.

2. Project Information
Mission, Goals, Objectives: The project plan should clearly demonstrate that the project has developed from an idea to a detailed plan of action. The project plan must link the project to an agency's mission, goals, and objectives and define project objectives and how they will be reached. The project plan should include the following:

A. **Expectations**: A description of the purpose or reason that the effort is being undertaken and the results that are anticipated.
>   **Response: See our response to "E" below.**

B. **Measures**: A description of the set of beliefs, tradeoffs and philosophies that govern the results of the project and their attainment. How is the project to be judged or valued? What criteria will be used to determine if the project is successful? What happens if the project fails?
>   **Response: See our response to "E" below.**

C. **Environment:** Who will provide input (e.g., businesses, other agencies, citizens) into the development of the solution? Are others creating similar or related projects? Are there cooperation opportunities?
>   **Response: See our response to "E" below.**

D. **Project Management and Risk Mitigation**: A description of how you plan to manage the project budget, project scope, vendors, contracts and business process change (if applicable). Describe how you plan to mitigate project risk.
>   **Response: See our response to "E" below.**

E. **Security / Data Integrity / Data Accuracy / Information Privacy**: A description of the security requirements of the project? How will these requirements be integrated into the project and tested. What measures will be taken to insure data integrity, data accuracy and information privacy?

Response:
A copy of the Needs Assessment and Project Approach from our Advanced Planning Document submitted to the Federal Government is being provided as our supporting documentation.   These documents provide project objectives, organizational structure, addressing current system as well as current needs.   The Project Approach document is specific to the project scope, activities, and project management.

This Advanced Planning Document was prepared to meet the Personal Responsibility & Work Opportunity Reconciliation Act (PL 104-103).

3. Current Technology Environment (Describe the following):

A. Software (Client Side / Server Side / Midrange / Mainframe)

Response:
- <u>Application software</u> – IDMS database with some integration with MS SQL database.
- <u>Operating system software</u> – Mainframe MVS and NT services.
- <u>Interfaces to other systems</u>: key to the PRWORA requirements, interfacing via a match process is a core function of child support enforcement process. During this project effort we will have completed interfacing with State's financial institutions, public utilities, DNR and DPH agencies, and interstate communication through national Child Support Enforcement Network as well as Federal Case Registry database.

B. Hardware (Client Side / Server Side / Mid-range / Mainframe):

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems

  Response:
  Mainframe Environment
  > IDM 9672R45
  > OS390
  > JES3

4. Proposed Environment (Describe the following):

A. Software (Client Side / Server side / Mid-range / Mainframe)
Response: Same as stated in Section 3 for mainframe.

B. Hardware (Client Side / Server Side / Mid-range / Mainframe)
Response: Same as stated in Section 3 for mainframe.

SECTION 3: Return On Investment (ROI) Financial Analysis

Project Budget:

Provide the estimated project cost by expense category.

```
Personnel ............................. $
Software ................................ $
Hardware ............................... $
Training ................................. $
Facilities ............................... $
Professional Services ........... $_873,600
Supplies ................................ $
Other (Specify)-Outreach        $

            Total .................. $ 873,600
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Project Funding:

Provide the estimated project cost by funding source.

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State Funds ........................... $_____297,024 ........... ____34__  % of total cost
Federal Funds ....................... $_____576,575 ........... ___66__  % of total cost
Local Gov. Funds ................... $_____ ........ _____  % of total cost
Private Funds ....................... $_____ ........ _____  % of total cost
Other Funds (Specify) ........... $_____ ........ _____  % of total cost
        Total Cost: .............. $____ 873,600_____        100__  % of total cost
```

How much of the cost would be incurred by your agency
from normal operating budgets (staff, equipment, etc.)? $___0_____   ___0%___ of total cost
    (Please see attached Recurring Costs Document V-34)

How much of the cost would be paid by "requested IT project funding"? .. **$297,024**

Provide the estimated project cost by fiscal year: FY_2001___ $ 297,024

The funding for fiscal year 2001 will provide the resources to complete the current project.

If more federal requirements are made, CSRU will have to request money in future years to meet

them.

ROI Financial Worksheet Directions (Attach Written Detail as Requested):

Annual Pre-Project Cost -- Quantify, in written detail, all actual State government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Response—N/A

Annual Post-Project Cost -- Quantify, in written detail, all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Response—N/A

State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Response—N/A

Citizen Benefit -- Quantify, in written detail, the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses (hidden taxes) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses.

Response—Not Quantifiable.

Opportunity Value/Risk or Loss Avoidance Benefit -- Quantify, in written detail, the estimated annual benefit to Iowa citizens or to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response—Included in our figures is $881,619 for 1 year penalty cost of not meeting Federal certification requirement. We will lose the federal match of $576,576. Increased child support collections for fiscal years has been projected as $894,530 for the first year, $5,400,324 for 2nd year, etc. We have chosen to use just 1st year projected increase in collections or $894,530. Supporting documentation is available within our ROI completed for Federal Office of Child Support. That document will be updated again during FY01.

Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response—See the ROI Financial Worksheet.

Total Annual Project Cost -- Quantify, in written detail, the estimated annual new cost necessary to implement and maintain the project including consulting fees, equipment retirement, ongoing expenses (i.e. labor, etc.), other technology (hardware, software and development), and any other specifically identifiable project related expense. In general, to calculate the annual hardware cost,

divide the hardware and associated costs by <u>three (3)</u>, the useful life. In general, to calculate the annual software cost, divide the software and associated costs by <u>four (4)</u>, the useful life. This may require assigning consulting fees to hardware cost or to software cost. <u>A different useful life may be used if it</u> <u>can be documented</u>.

Response—See Section 3.

Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response—See the ROI Financial Worksheet.

ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the project funds requested.

Response—See the ROI Financial Worksheet.

Benefits Not Cost Related or Quantifiable -- List the project benefits and articulate, in written detail, why they (IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.) are not cost related or quantifiable. Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Cost Related or Quantifiable" box in the applicable row.

Response: **This project funding will allow State of Iowa to complete system changes to meet federal certification requirements by 10/1/00. The system enhancements will achieve efficiencies resulting in an increase of collections for child support custodial parents. The automated match processes will benefit the worker during their case management process.**

ROI Financial Worksheet

IT Project Evaluation *(vertical text, left margin)*

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
A. Total Annual Pre-Project Cost:	**N/A**
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
B. Total Annual Post-Project Cost:	**N/A**
State Government Benefit (= A-B):	**N/A**
Annual Benefit Summary	
State Government Benefit:	
Citizen Benefit (including quantifiable "hidden taxes"):	
Opportunity Value and Risk/Loss Avoidance Benefit:	**$2,352,724**
C. Total Annual Project Benefit:	**$2,352,724**
D. Total Annual Project Cost:	**$297,024**
Benefit / Cost Ratio (C / D):	__**7.921**
ROI (C – D / Project Funds Requested):	_ **692%**
X - Benefits Not Cost Related or Quantifiable (including non-quantifiable "hidden taxes")	